

Now, we have not had, for the first time in years, a storm in the gulf that has disrupted any amount of supply. That's a record. We always have at least one storm. And we still have a few weeks left, but the season is getting short. We have not had an unstable country. And the fact that's scary with \$94.53 oil is that now about 90 percent of the oil in the world, of known reserves, is not owned by companies, but is owned, produced, refined and marketed by dictator, unstable, unfriendly governments. So a majority of the energy in the world is controlled by unfriendly, dictator-type governments. And if one of those tips over and their 3 million barrel a day is disrupted, where will the price go?

I asked one of the large energy producers this week in my office, I said, what if we have a storm in the gulf? \$120 oil in 2 days, a serious storm. And this company knows because they produce there; they produce about one-third of the gulf. What if a terrorist struck a sending port or a ship or a major pipeline or a major refinery? Where will energy prices be? These are all potentials.

And I have been predicting this, and I have energy experts tell me I'm probably not wrong, we will read in the paper one of these days where China has purchased the total supply of some country that normally sold us oil, and that oil will no longer be available to us.

And on gasoline, we don't produce enough in this country. We don't have enough refining capacity. Twenty percent of our gasoline comes from Europe because when they switched to diesel, they have excess gasoline capacity, so they sell us gasoline. And this spring, when we had abnormally high gasoline prices, we had 60-some-dollar oil and we had \$3 gasoline. And I was shaking my head, what's going on here? That's not normal. But that's what was happening. And so I checked, and here Europe was short on gasoline. They didn't have enough to sell us. And so there was a shortage in the marketplace, and of course Wall Street ran it up, abnormally high prices.

Now, today, with \$94.53 oil, or more than \$90 all week, if that translated into a market gasoline price, we're probably talking somewhere between \$3.39 a gallon for gasoline and \$3.59 a gallon of gasoline, depending on where you're at in the country. That's a long ways above the \$3 price that we're approaching right now. And that's going to come because 80-something-dollar oil will put us at \$3.19, \$3.29 gasoline; \$90 oil is going to push us up into the mid \$3. And it's just a matter of time because, at the end of the summer driving season, when we switch the refineries over to make it home heating oil, there was a little surplus of gasoline in the marketplace, and so it has held the price down. And when that burns off and there is none of that left, we will be paying a lot higher prices to drive our cars because the truck people, the

fuel oil is already up there. It's already higher, much higher. And home heating oil is much higher. Those who didn't fill their tank early this year for home heating have missed that opportunity because those high prices are already there.

The question I ask, I was concerned, and there are those who I've talked with that know a lot more than I felt that \$75 oil for any period of time would put America into a recession. Now, that didn't happen, because we've had higher than 75 now for quite a while. What figure can the American economy absorb and not go into recession? All of our recessions have been energy driven, almost all of them. I think maybe there was one that wasn't, one or two. Every time we've had a recession in this country, and they last for years, a lot of people lose their jobs, employment slips, tax revenues are down, the government doesn't have enough money to pay its bills, a lot of Americans are hurting, unemployment rates go up. What figure can America absorb and not have a recession? Well, I don't think we have any wiggle room. I don't personally think we can handle this for a very long period of time. I'm not the expert, but a lot of people agree with me.

And I want to tell you, it's almost guaranteed that this is not the ceiling. See, we don't have a spike here because of a Katrina, a country tipping over, or some terrorist attack in the supply line system. Things are kind of going along. Now, there is a lot of instability in the world, but there is always lots of instability in the Middle East, so those little tremors come and go. So, what price can the American economy absorb? I don't think much higher.

The other thing that we don't talk about is natural gas prices a lot because people don't realize that natural gas prices are not like oil. This is a world price. Natural gas prices are country by country. And for 6 years now America has had one of the highest natural gas prices in the world, and that puts all of the manufacturers in this country who use it for heat and who use it as an ingredient, and we will talk a little more about that later, are at a tremendous disadvantage because of our continued very high natural gas prices.

Yes, it wasn't very long ago, just 6 years, that we had \$2 gas and \$16 oil, and today, we have \$94.53 oil. And our dependency is at 66 and will soon be 70. America should be concerned about that.

I remember people talking that, when oil was cheap and gas was cheap, use foreign oil. We will use theirs while it's cheap, and we will use ours when it's expensive. Well, theirs is expensive, but we're not using ours.

Here is the map that's interesting. These red circles are areas loaded with natural gas and oil, and they're off limits to production. We're the only country in the world that says our Outer Continental Shelf, that's around the

edges, 85 percent of it, is not open to production. Canada produces there, Great Britain produces there, Norway, Sweden, Denmark, New Zealand, Australia. Now those are all environmentally sensitive countries; they all produce there. Norway has become a rich country because of their offshore oil finds.

And a lot of people talk about Brazil being energy independent because of ethanol. Ethanol was just a piece of the pie. Brazil also went offshore and produced their energy. America, for 26 years, a combination of Presidential and congressional moratoriums from producing energy on the Outer Continental Shelf, and many parts of the Midwest like this one are locked up, too. And the legislation that's coming before us will lock it up some more.

Now, I don't understand that. I don't understand where a six-inch hole in the ground with a steel casing producing oil or gas, and specifically clean natural gas, is a threat to our environment. All the studies show that offshore, the majority of the oil that's found is from leakage of ships or natural seeps, because when oil is under high pressure underground, it will find its way to the surface. In fact, I come from Titusville, Pennsylvania, the home of the first oil well, Drake Well. We're all very proud of that. It changed the world, it started the Industrial Revolution. It started the new transportation system. Oil that was transportable, refinable, and it developed this country into the power it is today.

And it has the potential today of making us a second-rate nation because we refuse to use our own energy and we're forcing ourselves to purchase from unstable, undependable countries around the world. And their \$95 oil, they're going to own us.

We just heard people talking here about them buying our debt. Yeah. Because we're spending so much of our resources purchasing energy that we have, but we've locked it up. I just find it amazing.

Now we're going to look at the legislation that should be coming, but there doesn't seem to be any sense of urgency. This is sort of a compilation of the energy bills that have passed both the House and the Senate and have not been conferenced on.

Now, first what we're going to talk about is it locks up 9 trillion cubic feet of American natural gas. It cuts off production from the Roan Plateau, a huge clean natural gas field in Colorado that was set aside as a national oil reserve in 1912 because of its rich energy resources for our future. This means that 9 trillion cubic feet of natural gas, more than all the natural gas the OCS bill that passed last Congress was put off limits.

Roan Plateau has already gone through NEPA. That's the environmental assessment that says it's safe to do it, all done. It is ready for lease sale. The provision was not in the original bill when it came out of the